

A Guide to Your CalPERS
Partial Service Retirement



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INTRODUCTION

Partial service retirement is a benefit available to full-time State Miscellaneous, State Industrial, and public agency members (if your employer contracts for this benefit) who meet the normal retirement age and service requirements.

With partial service retirement, you can reduce your work time, continue working, and receive a “partial” service retirement allowance.

HOW IT WORKS

If you are eligible, you may reduce your work time by at least 20 percent, but not more than 60 percent. In other words, you must work at least 40 percent of full time, but not more than 80 percent. Your agency must approve your request to reduce your work time for partial retirement.

Your allowance is based on the reduction of your work time. For example, if you reduce your work time by 30 percent (working 70 percent of full time), your allowance would be 30 percent of what you would receive if you took a full service retirement.

Once your partial service retirement begins, you may decrease your already-reduced work time once each fiscal year. You may increase your work time only once every five years.

With your employer’s approval, you may end your partial service retirement at any time and return to full-time employment. Once you withdraw, you cannot reapply for five years.

ELIGIBILITY REQUIREMENTS

You are eligible for partial service retirement if you meet the following requirements:

- You work full-time in one of the following CalPERS membership categories: State Miscellaneous, State Industrial, or public agency member (if the public agency employer contracts for this benefit).
- You have reached the normal retirement age for your retirement benefit formula. The normal retirement age is the age at which you can retire without a reduction for retiring early. If your benefit formula is 2%@55, your normal retirement age is 55. If your benefit formula is 2% at 60, your normal retirement age is 60.
- You have accrued the minimum number of years of service credit to be eligible for service retirement in your membership category. For most State Miscellaneous, State Industrial, and public agency members, you must have a minimum of five years of CalPERS-credited service.

Note: University of California and California State University employees are not eligible for partial service retirement.

HOW TO APPLY

Your Human Resources Department has the necessary Partial Service Retirement Application form (DPA-062). This form is also available on the Department of Personnel Administration's website at www.dpa.ca.gov. To ensure timely processing, submit your completed application to CalPERS at least 60 days before the effective date of partial retirement. The effective date must be the same date of your work time reduction and can be the first day of any pay period.

Remember, you must receive employer approval before you can apply.

Note: When corresponding with CalPERS be sure to include your Social Security and daytime telephone numbers on all written inquiries and documents.

ESTIMATING YOUR ALLOWANCE

The easiest way to estimate your partial service retirement allowance is to use the Retirement Planning Calculator at www.calpers.ca.gov to determine your full service retirement benefit. Then, multiply your partial retirement percentage times the Unmodified Allowance.

To manually estimate your partial service retirement allowance, you will need to know your years of service credit, benefit factor, and final compensation. Examples and space to estimate your allowance are on page 5.

Service Credit

This is the amount of CalPERS-covered service you have earned. Refer to your latest CalPERS Annual Member Statement and add any service credit you have earned since that time.

Benefit Factor

Your benefit factor is the percentage of pay you are entitled to receive for each year of service. It is determined by your age at partial service retirement. Refer to your Member Benefit publication for your benefit factor table. This publication is available through your employer, any CalPERS office, or at www.calpers.ca.gov.

Final Compensation

This is your average monthly pay rate for a one-year or consecutive three-year period of employment (whichever your agency has contracted for). You may elect a different one-year or consecutive three-year period if it produces a higher average monthly pay rate. If your CalPERS State First Tier or public agency service was coordinated with Social Security, you must reduce your final compensation by \$133.33 when computing your allowance. (You did not pay contributions on the first \$133.33 of your earnings.)

If your CalPERS State First Tier or public agency service was not coordinated with Social Security, or you are a State Second Tier member, do not reduce your final compensation.

ALLOWANCE ESTIMATES

We have used the following information for our examples:

Retirement formula	= 2% at 55
Age at partial service retirement	= 55
Years of service credit	= 25
Final compensation	= \$3,000
Reduction of work time	= 40%

Example I: State First Tier and Public Agency Members Coordinated with Social Security

25 x 2.000% = 50% x \$2,866.67 = \$1,433.34 x 40% = \$573.34					
Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance

Example II: State First Tier and Public Agency Members Not Coordinated with Social Security

25 x 2.000% = 50% x \$3,000 = \$1,500 x 40% = \$600					
Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance

Example III: State Second Tier Members

25 x .750% = 18.75% x \$3,000 = \$562.50 x 40% = \$225					
Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance

Estimate Your Case

x	=	x	=	x	=
Service Credit	Benefit Factor	Final Compensation	Full Service Retirement Allowance	Work Time Reduction	Partial Retirement Allowance

* Remember, if your service was coordinated with Social Security, you must reduce your final compensation by \$133.33 when computing your allowance.

OTHER CONSIDERATIONS

Allowance Adjustments

Your partial service retirement allowance will be based on your age, salary, and service at the date of your initial entry into the program. A salary increase after entering the program will not change your partial service retirement allowance. If you increase or decrease your work time, your new allowance will be based on the original allowance calculation. There are no provisions for cost-of-living increases for partial service retirement allowances.

Changing Jobs

You may transfer from one agency to another and continue your partial service retirement, with employer approval, as long as you remain a State Miscellaneous, State Industrial, or contracting public agency member.

Separating from Employment

If you permanently separate from State or public agency employment, you cannot continue your partial service retirement. You may, however, apply for a full service retirement (see your CalPERS Member Benefit publication), terminate your CalPERS membership and receive a refund of your contributions plus interest, or leave your contributions on deposit with CalPERS and apply for retirement or a refund at some time in the future.

Full Service Retirement

You may apply for full service retirement at any time by submitting the retirement application in the publication *A Guide to Completing Your CalPERS Service Retirement Election Application*. However, it is to your advantage to earn at least one year of service credit under partial retirement before doing so. If you have earned at least one year of service credit after entering partial service retirement, we will provide you with a brand new retirement calculation when you go to full service retirement. This is based on your age, final compensation, and total years of service as of the full service retirement effective date.

If you have earned less than one year of service credit before going to full service retirement, your retirement will be calculated differently. The new service earned will be calculated based on your age and final compensation as of the full service retirement effective date. That amount will be added to the original full service retirement unmodified allowance used for the partial retirement calculation to get your full service retirement allowance. Members who earn less than a full year of service credit during their partial service retirement may see a substantial reduction in their full service retirement allowance compared to members who have earned at least one full year of service credit.

Note: The less than one year of service calculation also applies if you ended your partial retirement, returned to full-time employment, and earned less than one year of service credit before applying for retirement.

Your full service retirement will be based mainly on the initial partial service retirement calculation if you have earned less than one year of service credit under partial service retirement.

Visit CalPERS On-Line website at www.calpers.ca.gov to calculate your own full service retirement estimate online. You may also initiate a CalPERS-generated estimate on our website by downloading the *Retirement Allowance Estimate Request* form to complete and mail to us, or log in to myCalPERS using your Username and Password to submit your request online. We can also mail the form to you upon request when you call us toll free at **888 CalPERS** (or **888-225-7377**).

Note: Since your work time under partial service retirement is less than full time, it will take more than one fiscal year to earn one year of CalPERS service credit.

Percent of Partial Retirement	Required months to earn one year of service credit
20	13
25	14
30	15
40	17
50	20
60	25

Important Tax Information

Partial service retirement allowance is taxable income and must be reported to the tax authorities annually. A partial retiree remains in active member status. Distributions received by active members prior to age 59½ from a qualified retirement plan such as CalPERS are considered “early” distributions under Section 72(t) of the Internal Revenue Code (IRC). Early distributions from a qualified retirement plan are subject to an additional 10% federal tax and 2½ % California state tax on the taxable portion of the distribution, PLUS any income tax due on the distribution.

Only federal and California state taxes can be deducted from your partial service retirement allowance. You may elect not to have tax withholding. However, if we do not receive a signed withholding election, CalPERS is required to withhold taxes based on the tax tables for a married person with 3 exemptions. California residents who do not file a tax withholding election will have an additional 2% withheld for state taxes when early distributions apply. For individuals who reside outside of California, no California state tax will be withheld unless specifically requested.

You will receive an annual Form 1099R that reports the gross amount of partial service retirement allowance you have received and the amount of federal and/or California state tax deductions for each tax year in which you participate. The Form 1099R filed by CalPERS will report your partial service retirement allowance as an early distribution until you attain age 59½ as of December 31 of the tax year being reported.

While CalPERS can provide you with information on some tax laws that relate to your partial retirement, you should request additional information regarding the taxability of your partial service retirement allowance from the Internal Revenue Service (IRS), California Franchise Tax Board, or your tax advisor. You may contact the IRS by calling toll free, (800) 829-1040, or by visiting their website at www.irs.ustreas.gov. If you have California state tax questions, please contact the California Franchise Tax Board at (800) 852-5711 or by visiting their website at www.ftb.ca.gov.

Mailing of Warrants

Currently, partial service retirement payments are processed manually. A warrant is mailed to you on or shortly after the first of each month. There is no provision for Direct Deposit (electronic fund transfer) of these payments. They can be mailed to your financial institution for deposit into your account; however, the only available space for the checking/savings account number is in the mailing address. Since the information is visible in the window of the envelope, this is not recommended.

Payroll Deductions

Any payroll deductions you have (health and life insurance premiums, union dues, credit union payments, deferred compensation, etc.) must be taken from your salary. If you have any questions regarding payroll deductions, contact your Human Resources Department.

Health, Dental, and Long-Term Care Coverage

Your health, dental, and long-term care (if enrolled) coverage are not affected by partial service retirement. Remember, though, that any premium payments will be deducted from your salary and not from your partial retirement allowance.

Social Security

You may draw Social Security benefits while receiving your partial service retirement allowance; however, your earnings — salary and partial retirement allowance combined — may cause an offset to your Social Security benefits. Contact your local Social Security office for information.

Injury, Illness, Or Leaves of Absence

If you are unable to perform your job because of an injury or illness, you may be eligible for disability retirement. For more information see the CalPERS publication *A Guide to Completing Your Disability Retirement Election Application*.

If your injury or illness requires that you take a leave of absence or go on Non-Industrial Disability Leave, you can continue your partial service retirement with your employer's consent. You may also remain in the program if you require other types of leave. Contact your Human Resources Department for information.

Provisions for Beneficiaries

There is no provision under partial service retirement to provide benefits to someone after your death. All death benefits payable will be paid in the same manner as active member pre-retirement death benefits. See your CalPERS Member Benefit publication for more information.

BECOME A MORE INFORMED MEMBER

CalPERS On-Line

Visit our website at www.calpers.ca.gov for more information on all your benefits and programs.

Reaching Us By Phone

Call us toll free at **888 CalPERS** (or 888-225-7377).
Monday through Friday, 8:00 a.m. to 5:00 p.m.
TTY: For Speech & Hearing Impaired (916) 795-3240

my|CalPERS

Stay informed and be in control of the information you want and need — with my|CalPERS!

my|CalPERS is the personalized and secure website that provides all your retirement, health, and financial information in one place. Take advantage of the convenience of 24/7 access to learn more about CalPERS programs and services that are right for you in your career stage. With my|CalPERS, you can:

- Get quick and easy access to all your account information.
- Manage and update your contact information and online account profile.
- Access information about your health plan and family members enrolled in your plan.
- See all the information you need to make health plan decisions.
- View, print, and save online statements.
- Go “green” by opting out of receiving future statements by mail.
- Use financial planning tools to calculate your retirement benefit estimate, estimate your service credit cost, and even request a staff-prepared retirement estimate.
- Check statuses of requests to purchase service credit or applications for disability retirement.
- Keep informed with CalPERS News so you don’t miss a thing.

CalPERS Education Center

my|CalPERS is your gateway to the CalPERS Education Center. Whether you’re in the early stages of your career, starting to plan your retirement, or getting ready to retire, visit the CalPERS Education Center to:

- Take online classes that help you make important decisions about your CalPERS benefits and your future.
- Register for instructor-led classes at a location near you.
- Download class materials and access information about your current and past classes.
- Browse our retirement fair schedule.
- Make a personal appointment with a retirement counselor.

Log in today at my.calpers.ca.gov.

Visit Your Nearest CalPERS Regional Office

Visit the CalPERS website for directions to your local office.

Monday to Friday, 8:00 a.m. to 5:00 p.m.

Fresno Regional Office

10 River Park Place East, Suite 230

Fresno, CA 93720

Glendale Regional Office

Glendale Plaza

655 North Central Avenue, Suite 1400

Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750

Orange, CA 92868

Sacramento Regional Office

Lincoln Plaza East

400 Q Street, Room E1820

Sacramento, CA 95811

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330

San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350

San Diego, CA 92108

San Jose Regional Office

181 Metro Drive, Suite 520

San Jose, CA 95110

Walnut Creek Regional Office

1340 Treat Blvd., Suite 200

Walnut Creek, CA 94597

INFORMATION PRACTICES STATEMENT

The Information Practices Act of 1977 and the Federal Privacy Act require the California Public Employees' Retirement System to provide the following information to individuals who are asked to supply information. The information requested is collected pursuant to the Government Code (Sections 20000, et seq.) and will be used for administration of the CalPERS Board's duties under the California Public Employees' Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to supply the information may result in the System being unable to perform its function regarding your status and eligibility for benefits. Portions of this information may be transferred to State and public agency employers, State Attorney General, Office of the State Controller, Teale Data Center, Franchise Tax Board, Internal Revenue Service, Workers' Compensation Appeals Board, State Compensation Insurance Fund, County District Attorneys, Social Security Administration, beneficiaries of deceased members, physicians, insurance carriers, and various vendors who prepare the microfiche or microfilm for CalPERS. Disclosure to the aforementioned entities is done in strict accordance with current statutes regarding confidentiality.

You have the right to review your membership file maintained by the System. For questions concerning your rights under the Information Practices Act of 1977, please contact the Information Practices Act Coordinator, CalPERS, 400 Q Street, P.O. Box 942702, Sacramento, CA 94229-2702.

While reading this material, remember that we are governed by the Public Employees' Retirement Law and the Alternate Retirement Program provisions in the Government Code, together referred to as the Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decisions will be based on the law and not this publication. If you have a question that is not answered by this general description, you may make a written request for advice regarding your specific situation directly to CalPERS.



California Public Employees' Retirement System

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P.O. Box 942701
Sacramento, California 94229-2701

888 CalPERS (or **888-225-7377**)
www.calpers.ca.gov

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